



Democratic State of the Union Response Center

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REPUBLICANS PROTECT BIG HMOS AND DRUG COMPANIES AT THE EXPENSE OF RURAL MEDICARE BENEFICIARIES

While millions of seniors struggle to pay for their prescription drugs, Democrats are fighting to use the power of government to lower drug costs and make sure all Americans get the best price for their medications.

The Republican prescription drug plan was written by and for the big drug and insurance companies. Under this program, millions of seniors may face higher Medicare premiums unless they leave their doctor and join an HMO, and millions will have to pay more for their medications. Democrats know that America's seniors deserve better.

Rural seniors face higher cost sharing and premiums from HMOs. Under the Bush Medicare bill, HMOs and private insurers decide what drug benefit seniors get and how much they pay. Since rural beneficiaries are more likely to be sicker than other seniors nationwide and have chronic diseases like diabetes and arthritis, private plans will try to avoid enrolling them and to cover their costs by increasing cost sharing and premiums.

HMOs do not want to serve rural areas. Under the existing Medicare HMO program, rural beneficiaries were four times more likely than urban beneficiaries to lack a private plan option over the past three years. In five predominantly rural states, not a single HMO offered and enrolled Medicare beneficiaries for the entire 2001-03 period. These states were Alaska, Maine, Montana, South Dakota and Vermont. In addition, Delaware, New Hampshire and South Carolina lacked a stable private plan option in their rural counties during the same period.

Penalizes rural seniors who want to stay in traditional Medicare. The billions in HMO overpayments provided by the Bush Medicare bill will increase beneficiary premiums. This means that rural beneficiaries would pay higher premiums to subsidize private plans even if the plans refused to offer the coverage in rural areas.

Up to 1.7 million rural seniors and people with disabilities would have to pay more or lose access to coverage for the drugs they need. For seniors and people with disabilities who are on Medicaid, the final Bush Medicare bill prohibits Medicaid from filling in the gaps in the new Medicare drug benefit. As a result, most of the 1.7 million rural Medicare beneficiaries who also receive Medicaid would end up being worse off than they are today. Most of these beneficiaries would be charged higher co-payments for prescription drugs under the new Medicare drug benefit than they now pay, and some could lose access to particular drugs they currently are prescribed through Medicaid if those drugs are not covered under their new private drug plan's formulary.